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NOTES ON INTERNATIONAL CO-OPERATION IN THE
FIELD OF INDUSTRIAL DEVELOPMENT

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I. THE NEW FRAME OF REFERENCE

The contribution which the process of industrialization has made to the standard of living enjoyed by the developed countries was recognized many decades ago. Industrial development therefore has been and continues to be one of the main concerns of governing circles and of the economic leaders of all developing countries. Similarly, the current system of international co-operation for development, both in United Nations agencies and in other regional institutions, and even in bilateral co-operation agencies, has devoted increasing attention to the wide range of aspects involved in the process and to the solution to the many problems that hinder the industrial development of the peripheral countries.

Although the system of co-operation has become progressively more complex and more firmly established, it would appear that, with a few exceptions, the developing countries have not undergone any transformations sufficiently far-reaching to alter their situation with regard to the developed countries. It is not that the industrialization process of the developing countries is not making progress, but rather that, for a number of reasons, the developed countries can advance quantitatively and qualitatively to such an extent that their relative advantage over the developing countries remains the same or even increases.

With a view to fulfilling the objectives of the United Nations charter regarding the creation of conditions of stability and well-being and the guarantee of a minimum standard of living compatible with human dignity by means of progress and economic and social development, the United Nations General Assembly adopted the International Development Strategy for the 1960s and subsequently for the 1970s. In the strategy for the 1970s the growth rate of the economy as a whole and of the productive sectors, particular industry, represent quantitative indicators that relate to those basic objectives.

Although the second decade of the strategy is not yet halfway through, there are numerous symptoms of the qualitative inadequacy of

/the processes

the processes of change that the United Nations Development Strategy has sought to promote. The trend of the world economy in recent years has brought more and more complications from which, generally speaking, most of the developing countries have suffered. The existing machinery for international co-operation has proved ineffective and incapable even of palliating the unfavourable repercussions of these events. International co-operation must, therefore at least be reorganized so as to counter the negative effects of the situation. In fact, however, the current phenomena appear to be symptomatic of serious structural defects in the world economic system. Thus, even the International Development Strategy adopted by the United Nations for this decade now appears to have been overtaken by the rapid evolution of the situation, since the Strategy was based on the possibility of introducing very gradual changes into an economic structure that was not threatened with collapse. This does not mean that it has ceased to be a coherent and integrated starting point for tackling the new circumstances and the problems they bring, but the view of the interrelationships between the developed and developing world that was accepted by the Development Strategy still reflected the belief in the possibility of lineal growth for all, and this is now being challenged in a world that, among other things, has come to realize with increasing concern the finite nature of natural resources.

Consequently, the Development Strategy's aim of bringing about more equitable distribution of income and wealth in order to promote both social justice and efficiency of production, of raising the level of employment, of expanding and improving facilities for education, health, nutrition, housing and social welfare, and of safeguarding the environment may not be attainable if the current life-style of the developed countries continues indefinitely.

Moreover, it is becoming increasingly apparent that the high standard of living enjoyed by the few developed nations has its counterpart in the conditions of poverty in the many less-developed nations, owing to the fact that the power of decision over the exploitation and use of natural resources, over the relative prices

of raw materials and industrial products, over financial and technological resources, and over trade and transport still belongs to the developed centres.

In the light of these circumstances, a consensus was reached at the sixth special session of the General Assembly regarding the establishment of a new international economic order and the formulation of a corresponding world plan of action. At the industrial level, this new order means that the developing countries should account for a greater share of the world industrial product.

The introduction of machinery to increase the developing countries' share of the industrial product calls for the imagination and determination needed to create it and to plan its method of operation, evaluation of results, etc. Restructuring the world economic order, however, will be neither easy nor rapid. Numerous decisions will have to be taken both in the developed and the developing countries, preceded by multilateral, world, regional, and also bilateral negotiations. The international co-operation agencies must serve as the centres for the various kinds of international meetings that will have to be held on numerous occasions. They will have to collect statistical information on specific matters and make projections of future requirements at the world and regional level, all of which will involve new roles for the international co-operation system. In addition, however, the quality and quantity of international co-operation for industrial development will have to undergo changes at the level of the developing countries. The least developed countries will have to be assisted so that they can be better informed, establish their own information systems on a more efficient basis, and be in a better position to undertake negotiations. Moreover, the magnitude of the technical and financial co-operation involved and the corresponding co-ordination required in a world full of countries that are going to have to industrialize at a speed never achieved before will, in most cases, mean restructuring the entire system of traditional technical and financial assistance so that the new tasks can be undertaken efficiently. Accordingly, international co-operation for

/the industrialization

the industrialization of the developing countries will have to display qualities that it does not yet possess. So far, it is the countries which have already achieved the highest relative levels of industrial development that are receiving the most co-operation in their industrial development, because they are better able to programme its utilization and they already possess an institutional infrastructure for the formulation of plans and the design and execution of policies, industrial financing, and more complex and efficient agencies for providing small- and medium- scale industry with assistance, so that international co-operation can be more easily and rapidly channelled than in the case of the relatively less developed countries.

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II. THE BASIC PRINCIPLES FOR THE MODIFICATION OF INTERNATIONAL CO-OPERATION

1. General considerations

The changes that are foreseen in international economic relations are on such a scale that the entire international system of co-operation will probably have to undergo a complete review and perhaps a complete reorganization. Of course, international co-operation as it has been provided up to now can point to some partial successes of great value, and some of the existing methods of co-operation will have to be maintained and even expanded. However, there are also shortcomings and cases of inefficiency which must be corrected if the objectives of the International Development Strategy are to be achieved in the framework of the New International Economic Order.

The resources that have so far been allocated to international co-operation for industrial development are, by and large, inadequate. This applies both to technical assistance and to financial resources. With regard to the former, the degree of under-development is so serious that technical co-operation requirements far exceed the present possibilities of the system. This fact must be considered in the light of the numerous requirements that will have to be faced in connexion with the proposed modifications.

Not only are the financial resources insufficient, but they are also concentrated where the means are already most plentifully available, so that they are in short supply where they are needed most. The financial resources for development provided by international agencies have been attracted above all by the infrastructural sectors. Until recently, the normal response to a request for credit to finance an industrial project was to assume that private capital would be available. As this is linked with technology, patents and other commitments, the burden of the resulting transfers is much greater than that of the payments of interest and amortization on loans. Moreover, developing countries frequently need financing, but not the patents or rental of equipment and other extras that are added to it

/unnecessarily. Furthermore,

unnecessarily. Furthermore, private capital is not attracted in proportion to a country's industrialization requirements, but in proportion to the opportunities which the country affords for expanding markets, and it is therefore concentrated in the larger countries with a higher level of industrialization and with larger external economies - i.e., the more developed countries of the under-developed world.

Another adverse factor in the current system of co-operation is the lack of flexibility in its functioning and in its operating procedures and its inability to adapt itself to the different and varying conditions that prevail in the countries of the region. This applies both to the speed with which decisions are taken in co-operation agencies and to the conditions that are imposed for considering requests for assistance for specific projects. As a result, co-operation tends to be more and more concentrated in countries with a greater capacity for complying with such exigencies, and the relatively less developed countries, which cannot co-ordinate administratively all the factors required and often do not have sufficient capacity for initiative, make proportionally less use of international co-operation.

International co-operation also suffers from a lack of co-ordination. To start with, there is no co-ordination between multinational and bilateral assistance. In many cases the developing countries would prefer the former but choose the latter because it is more rapid and, sometimes, of better quality. However, certain sectors of opinion are convinced that the bilateral co-operation available to Latin American countries pursues political and economic objectives that do not always coincide with the economic and industrial development interests of the recipient countries.

Secondly, the multilateral co-operation provided by the United Nations family of organizations displays another form of lack of co-ordination that derives from its fragmentary and partial nature. This is reflected in the inability to offer the quality of co-operation

/that is

that is needed by the least developed countries which have very limited industrial experience. For example, the co-operation does not cover systematically all the tasks and resources that are involved in the various successive stages from the identification of a project to the normal running of the enterprise to be created. Consequently, the co-operation does nothing to correct any lack of managerial capability or of experience in the various middle-level activities that are needed until the projects reach the stage of production and the marketing, nor does it make good the lack of experience in various forms of negotiations connected with the transfer of technology, use of patents, purchase of equipment, acquisition of imported inputs, export activities, etc. For these reasons, the more backward countries cannot be expected to carry out certain projects, even when regional agreements have been drawn up assigning them specific types of production.

Many other shortcomings in the system of international co-operation for industrial development could be mentioned, in addition to those referred to above. The foregoing, however, should suffice to justify the concern that is felt with regard to the future requirements resulting from the sudden expansion of the objectives and responsibilities of industrial development within a process of world transformation characterized by its urgency and universality. This process is urgent because the current international economic system is facing a crisis and its breakdown could ultimately have disastrous consequences for millions of human beings, and it is universal because international co-operation so far would appear to be restricted to the transfer of financial resources and technology by international organizations whose action, although supported in various ways by the rich and powerful countries, is aimed wholly at the peripheral countries. In the future, this co-operation must be expanded into a process of adaptation of the system as a whole, with the incorporation of new responsibilities which affect all the countries. The terms of this expansion are still a long way from being defined, however, and the common interests have still not been

/clearly identified,

clearly identified, despite the pressing nature of the current situations and trends.

The aim of achieving a system of co-operation which is more effective from the standpoint of the results obtained as regards the economic and social progress of the developing countries requires, at this stage, much more than the mere correction of defects and the making good of existing shortcomings. The system of co-operation must be adapted to the changes that are taking place in the economies of the developed and developing countries and to the new relationships that are being created between countries as a result of the economic and political upheavals and maladjustments of recent years.

These upheavals in the international economic order, which are the most important to have taken place for a number of decades, seem to have caused the developed and developing countries to realize that there is a high degree of interdependency between the members of the world community and that peace and the economic and social well-being of nations depends more than ever on co-operation among all countries so as to remedy inequalities and close the growing gap between the developed and developing countries.

This realization found its expression during the sixth special session of the United Nations General Assembly, which adopted the Declaration and Programme of Action on the establishment of a new international economic order based on equity, sovereign equality, interdependence, common interest and co-operation among all States (resolutions 3201 S-VI and 3202 S-VI).

The Declaration and Programme of Action draw attention to the need for measures to promote industrialization in the developing countries, and the Programme of Action contains a number of recommendations to this end.

One of these recommendations is that "with a view to bringing about a new international economic structure which should increase the share of the developing countries in world industrial production, the developed countries and the agencies of the United Nations system, in co-operation with the developing countries, should contribute to

/setting up

setting up new industrial capacities, including raw materials and commodity-transforming facilities, as a matter of priority in the developing countries that produce those raw materials and commodities".

This is a real challenge to the international community. However, the attainment of a new world economic structure, which yesterday may have seemed a utopian enterprise, now seems although not easy, at least feasible, albeit not in the short term, as a result of the action of political, economic and ethical factors deriving from the present international situation.

2. Towards a new economic structure in the industrial field

(a) The transfer of industrial activities to developing countries

Although the recognition of the need to achieve a new, more rational and equitable international economic structure by increasing the share of the developing countries in world industrial production is a very important step in that direction on the part of the international community, it is undeniable that it would be of small practical significance unless the developed countries introduced changes in their industrialization policies that would help to fulfil the objectives laid down in the Programme of Action adopted by the General Assembly.

Several developed countries are seriously considering in their industrial programmes the desirability of transferring certain productive activities to developing countries, in view of the increasing difficulties they are encountering in siting new plants or expanding existing plants within their own territories.

The shortage of manpower and the high relative levels of wages constitute one of the restraints on industrial expansion in the developed countries, particularly in the case of activities which are not technology-intensive. The growing importation of workers from the less industrially developed countries does not seem to be the answer. In not a few cases the mass migration of workers has been the source of social tensions and even of racial conflicts which are difficult to avoid.

/But there

But there are also other factors limiting the expansion of certain industries in the advanced countries. These include lack of space, which in some countries has become a vital problem; the availability of water supplies of adequate quantity, quality and cost; environmental pollution, which has also reached dramatic proportions in quite a few cases; and other problems connected with the availability of raw materials, energy supply, etc.

Accordingly, it is to be hoped that in the next few years the action of the above-mentioned factors will facilitate the setting-up of certain industrial activities, including the steel, petrochemical, leather, textile and other labour-intensive industries, in the developing countries.

This may constitute an important contribution towards increasing the share of the developing countries in the world manufacturing product and an advance towards achieving a new and more balanced economic structure, but only in so far as the interests of the receiving countries are respected and this action is complemented by other measures which will ensure the advance of the process towards a fairer and more rational structure of industry in the world.

(b) The industrial transformation of raw materials in the producer countries

The Programme of Action on the Establishment of a New International Economic Order refers to the industrial processing of raw materials and commodities as a matter of priority for the developing countries that produce those raw materials.

Undoubtedly, this General Assembly resolution is an essential requisite for attaining the new international structure in the field of industry. In addition to the obvious reasons for transforming certain raw materials and commodities in the places where they are produced, from an economic point of view there are in many cases distinct comparative advantages in doing so. Because of private interests or other reasons, however, the raw materials and commodities extracted or processed in developing countries are usually transformed in developed countries.

To invert this trend would be one of the most effective ways of achieving, within a reasonable time, the General Assembly objectives of increasing the share of the developing countries in world production.

(c) Greater participation of the developing countries in the expansion of various industrial activities

As recognized in an earlier part of this study, the transfer of certain industrial activities which cause pollution and labour-intensive, together with the transformation of raw materials and commodities in the developing countries where they are produced, are effective ways of increasing the share of the developing countries in world industrial production.

It is, however, considered necessary to complement these measures with others which will ensure the growing participation of developing countries in the expansion of the various industrial activities in the world as a means of accelerating the process and also of preventing the changes from crystallizing in a structure that would assign certain types of activity (pollution-causing, labour-intensive, and basic commodity industries) to the developing countries, while reserving the rest of the industrial activities for the developed countries. This latter development would mean a new international division of labour in the industrial sphere which could later become a limiting factor as regards the industrialization process in the developing countries, conceived of as a means of steadily improving the peoples' well-being.

Indeed, one view might be that in such a distribution of the world's industrial activities the most dynamic activities or those with the most rapid technological innovations would be reserved for the developed countries, or at any rate the developing countries' share in the production of goods in these branches of industry would be limited by the size of their own markets, so that in many cases they would not be able to produce them for reasons connected with economies of scale.

/Another view.

Another view might be that a world industrial structure of this kind could lead in the developing countries themselves to the consolidation of industrial structures with scant intersectoral relations or with weak links between activities in one sector and those in other sectors, thus producing only a relatively small impact on the economies of these countries. The need is therefore stressed to formulate and implement measures which will make possible and ensure not only an increase in the share of the developing countries in world industrial production, but also a similar increase in the growth of the various industrial activities at the world level.

3. Machinery and criteria for the formulation and implementation of measures for attaining a new world structure of industry

(a) The need for concerted action

The formulation and implementation of the measures aimed at establishing a new economic structure in the field of industry requires the full and active participation on an equal footing of all the countries forming the international community, so as to ensure both the maintenance of the principle of equitability in the distribution of the benefits of the new structure and strict compliance with the decisions adopted.

Moreover, since the free play of market mechanisms will not suffice to reconcile the different interests and determine the changes necessary to attain the objectives pursued, the participation of the governments in the implementation of the decisions aimed at setting up the new order will be of vital importance at all levels of detail.

Without a doubt, the changes that take place in this sense in the international order will be the result of a long and arduous process of consultation and negotiation by successive stages and at different levels among all the countries. In other words, the necessary changes in structure must be obtained through concerted action adopted on sufficiently flexible bases to take into account possible modifications in the impact of the factors determining the changes in each country.

/It will,

It will, of course, be necessary to set up a mechanism or system of consultation and concerted action between developed and developing countries involving various levels of negotiation: world, regional, sub-regional, and even bilateral.

(b) Action of the developing countries and of the integration systems

In order to formulate measures aimed at achieving a new world industrial structure, the developing countries will have to define their objectives and strategies in the industrial field and prepare plans or programmes to serve as a basis for the negotiations which could lead to the establishment of commitments with the developed countries.

The public sector of the developing countries should play a dominant role in the construction of the new order, and it is therefore essential that it should be made stronger.

The present groupings of Latin American countries or other groupings in which countries of the region participate, which operate with different aims at the regional, sub-regional and world level, could also play an important part in the construction of the new industrial structure as consultation agencies and as agents for channelling and reconciling the interests and aspirations of the member countries.

It will therefore, be necessary to strengthen the existing groupings and adapt their organization, where necessary, to the needs arising from the action of countries to promote the new economic order, or to encourage the establishment of new agencies, if required, with this specific purpose in view.

(c) Transnational corporations

Transnational corporations can play an important part in the construction of the new world economic structure in view of their outstanding role in the economies of most of the developing countries, especially in the industrial sector. This role cannot, however, be left to the initiative of the corporations themselves. They will have to bring their action into line with requirements laid down in terms of the interests and objectives of each nation and of the

principles and rules agreed on among the countries as regards the establishment of the new economic structure in the industrial field.

(d) Action of the developed countries

While recognizing the responsibility of the developing countries in the action to achieve a more rational and equitable world economic structure, the main responsibility will clearly devolve on the developed countries, since they control an overwhelming share of the world's resources and technological potential.

Therefore, the participation of these countries in the process of forging new structures and forms of international economic relations cannot be confined to the introduction of changes in their domestic industrialization policies aimed at solving only their own problems, even though these changes may also contribute to some extent to solving the poorer countries' problems.

The industrialized countries must approach the process of change with the resolute purpose of genuinely helping the developing world, bearing in mind that in the long term this is in their own interests.

With this end in view they should fully implement the objective of eliminating the tariff and non-tariff barriers which impede the access of the manufactured products of the developing countries to their markets, and in some cases, where concerted activities are involved, they should agree to enter into commitments to purchase these products on previously established terms.

Furthermore, they should agree to curtail activities in those branches of industry for which the developing countries are better equipped, and they should consequently adopt measures to facilitate the reconversion of the activities affected. At the same time it will be necessary for them to provide considerably more assistance to developing countries, in co-ordination with other countries and, in particular, with international co-operation agencies.

(e) Some considerations on industrialization

In formulating measures for the industrial development of the developing countries on the basis of a new world economic structure, it is useful also to keep well in mind the following considerations:

- (i) Industrialization is not an end in itself. It is only a means
/of achieving

of achieving other more important objectives connected with the economic and social progress of nations, which represent an improvement in the quality of life.

(ii) Not all the developing countries have the same capacity to attain, through industrialization, these objectives to which they have a right. It is therefore considered essential to establish compensatory measures which will prevent the countries with less favourable conditions for fairly significant industrial development from lagging behind in world economic and social progress.

(iii) Moreover, the impetus of industrialization can only be maintained if there is parallel growth, within a certain overall equilibrium, in the other economic sectors, especially agriculture, and if national policy is aimed at broadening the domestic markets through a fairer distribution of income. Therefore, the measures that may be adopted should give particular importance to the expansion or development of the other sectors (particularly energy, transport, construction, and agriculture) which have a decisive influence on industrial development.

(iv) Another important factor to bear in mind in formulating the measures for establishing the new order is undoubtedly the recognition of the non-renewable nature of some natural resources and the need to avoid both their wastage and the effects of industrial pollution, so as to preserve the future well-being of all nations. At the same time, it should be made possible to fix fair prices for raw materials based not only on the cost of their extraction and transport, but also, and in particular, on the fact that they are non-renewable resources.

(v) Lastly, the criterion of comparative advantages should not be applied indiscriminately in the selection of industrial activities to be located in developing countries within the context of the proposed new order.

In not a few cases it may be necessary to apply other location criteria, taking into account special characteristics. For example, it might be desirable to promote the establishment of a specific industrial activity in a country (irrespective of the comparative advantages) to facilitate forward or backward linkages with other sectors of the economy, thus making an important contribution to the country's economic integration.

III. TOWARDS A NEW SYSTEM OF INTERNATIONAL CO-OPERATION

1. The importance of international co-operation

It is obvious that the creation of a new international economic structure on the bases set forth in the foregoing paragraphs will call for tremendous efforts on the part of the developing countries to overcome the difficulties of the present situation. International co-operation in the field of industry will have to make radical changes in its orientation and even in its operative procedures in order to adapt to the new circumstances. Thus, in addition to the functions and tasks which it is already discharging as regards the provision of technical and financial assistance to industry in the developing countries, it will be required to play an important role in helping to carry out the changes proposed in the international economic structure. This involves a wide range of activities which will possibly call for changes not only in the orientations but also in the structures of the co-operation agencies.

The importance of the participation of the international-co-operation agencies in the activities aimed at setting up a new economic structure at the industrial level emerges clearly from the above-mentioned General Assembly resolution 3202 (S-VI), which says that "the developed countries and the agencies of the United Nations system, in co-operation with the developing countries, should contribute to setting up new industrial capacities...". It is obvious that the General Assembly considered to be of fundamental importance for the industrialization of the developing countries within the new structure that the international co-operation agencies should play a leading role in the efforts being made in this direction.

2. New fields for international co-operation

As stated earlier, the activities aimed at the restructuring of the world economy as far as industry is concerned will call for the creation of a system of consultation and concerted action between the developing and developed countries. This system should provide for various planes of negotiation (world, regional, sub-regional and bilateral) and could make use of a universal framework like that offered by the United Nations system.

/The United

The United Nations will thus be the forum for holding intergovernmental meetings on a regular and continuing basis with a view to drawing up agreements for the application of measures connected with the projected changes.

This will also make possible maximum co-ordination among the various technical assistance agencies (technical, financial and specialized) in order to achieve more efficient co-operation. It should be borne in mind that the industrialization process of a country is conditioned by the balanced growth of the remaining economic and social sectors, and this means that in many cases the co-operation of several specialized agencies - always, of course, in a co-ordinated manner - will be required in order to advance towards the goal proposed.

This co-ordination of the co-operative action of different United Nations agencies should be extended to the bilateral co-operation agencies, as a means of making the best possible use of the resources available for assistance in the field of industry.

The changes which, as already stated, will be necessary in order to bring about the new structure will require a stock of information and prior studies which, in the majority of cases, the developing countries do not have at hand and are not in a position to undertake on their own. The global nature of these studies also makes it difficult for the countries to carry them out on an individual basis. They therefore form part of the specific tasks to be tackled by international co-operation, which may be defined as:

- (a) The carrying out of studies and research on the availability of resources and ecological and geographical conditions for siting industrial activities.
- (b) The constitution of an adequate system of industrial information at the world level.
- (c) The preparation of overall studies and periodic projections which could provide common bases for taking decisions in the international industrial context.

/(d) The

- (d) The provision of support to the developing countries in setting up information systems on industry.

In addition to the tasks described, however, the international co-operation agencies will have to discharge the specific function of providing technical assistance and aid to the developing countries in the processes of consultations and negotiations for concerted action with the developed countries. The importance of such co-operation is obvious in view of the disparity in bargaining power between the majority of the developing countries and the developed countries.

Another task for which the international co-operation agencies should be responsible, and which is of particular importance insofar as it makes it possible to carry out the necessary corrections to the progress of the process, is the periodic evaluation of the latter.

The co-operation agencies should also intensify the work which they are already carrying out in financial, scientific, technical, commercial, and labour training matters at different levels, and should seek to adjust it to the framework of the new structure which is being worked out. It is also considered necessary to take into account the conclusions of the analysis made in chapter II, so as to correct some defects and rectify some errors which are to some extent undermining the efforts being made.

3. Co-operation among the developing countries

(a) Need for joint action and mutual co-operation

In the present circumstances, the joint action of the developing countries for the better defence of their interests and aspirations, and mutual co-operation as a manner of speeding up their development process, are not merely desirable attitudes but are actually an unavoidable necessity if serious damage to their economies as a result of the grave economic and financial disturbances which are affecting the world is to be avoided.

The prospect of a new international economic order makes this need even more urgent, but at the same time it opens up to the developing countries a spectrum of possibilities of common action going far beyond what has been accomplished to date.

/This joint

This joint action should take the form of the establishment of a unified front, or at least a co-ordinated effort on the part of the developing countries, in the consultative meetings and negotiations with the developed countries, to lay the bases and give material form to the measures which will modify the international economic structure.

This joint action in the international political and economic bodies in pursuit of a new structure will not, however, be sufficient unless at the same time intensive co-operation is organized among the developing countries in order to implement in the field the economic policy measures which may be agreed upon, so as to direct these countries into an industrialization process which will ensure a rational and fair distribution of the benefits deriving from the new order.

There are many fields in which this co-operation may be manifested, and some regions already have experience which could prove useful in this sense.

The following are only a few examples of practical measures of joint co-operation which could be carried out: the exchange of technical and scientific data; the creation of binational or multinational enterprises by developing countries; financial co-operation, particularly on the part of those developing countries which have financial surpluses as a result of price increases in their export products and joint purchases of capital goods and industrial inputs.

Naturally, the strengthening of sub-regional integration systems such as already exist in Latin America and the drawing-up of agreements to enable these systems to be operated at the regional level would constitute the most effective forms of common action and co-operation among developing countries. Only in this way will it be possible to attempt the harmonization of policies and even joint industrial programming which would greatly assist in achieving the new world economic structure and a more rational and fairer development of each country within a reasonable length of time.

Mutual co-operation among the developing countries of a single region could in some cases, and in specific spheres, be extended to cover countries of different regions of the developing world.

/(b) Latin

(b) Latin American experience

The importance of joint action and co-operation among developing countries has been understood in Latin America for many years. The dates on which the different country groupings (LAFTA, CACM, CARIFTA, Andean Group) were constituted - with objectives which did not coincide completely, but which were all aimed at the improved integration of Latin America - are milestones in a process of growing co-operation among the countries of the region.

Co-operation in the sphere of industry has, of course been one of the main methods used to attain the objectives of these integration systems. The Treaty of Montevideo which gave origin to the Latin American Free Trade Association, included machinery for co-operation in the sphere of industry which made possible some degree of complementarity in this area among certain countries of the region. The pooled action of the Central American countries also influenced - and it could almost be said that it determined - the process of industrial growth in that sub-region through the application of import substitution measures. The member countries of CARIFTA, which are now members of CARICOM, recently decided that it would be advantageous to prepare a sub-regional plan for programmed industrial development.

The signing of the Cartagena Agreement, however, has undoubtedly been the most important example of joint action and co-operation between the various countries of the region in the industrial field. The harmonization of the economic policies of the member countries and, particularly, the industrial programming at the sub-regional level envisaged in the Agreement represent significant advances towards making efficient use of the multiple advantages stemming from the wider market thus made available and constitute the pillars on which future Andean industrialization will be built.

However, there are also specific examples that show that the idea of co-operation between Latin American countries is not limited to the framework of the integration schemes. A significant number of various agreements concluded between countries of the region with a view to promoting industrial complementarity, setting up binational enterprises, encouraging technological development, exploiting natural resources, etc. are evidence of the prevailing conviction in Latin America that there is a need to expand co-operation between the countries of the area.

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In this respect, attention should be drawn to two significant events of recent date. The first of these was the offer of Venezuela, at the Assembly of Governors of the Inter-American Development Bank (IDB) in April 1974, to make a substantial contribution for the regional integration of Latin America through the establishment of a trust fund administered by IDB - a project which was approved by the Assembly.

The other was the proposal made on 15 July by the President of Mexico concerning the setting up of an economic co-operation and consultative body at the Latin American level to complement the existing machinery and to strengthen regional efforts to achieve greater economic solidarity.

Other Latin American Heads of State and leading public figures have recently declared their support for stepping up the joint action of the countries of the region and, in particular, for increasing co-operation between them.

These two events pointing in the same direction are not fortuitous but have been dictated by a manifest need whose origins go far back, but which has only found expression in recent times as a result of the difficult international economic situation.

(c) Towards new forms of industrial co-operation between Latin American countries

As pointed out in previous paragraphs, Latin America has made significant progress in the field of industrial integration and co-operation. However, the new circumstances call for much greater efforts involving the application of new ideas on co-operation and joint action, if this proves possible or, at least, the furthering of existing ideas, but using new instruments or machinery capable of speeding up the process until it acquires the required pace.

The action taken by the countries of the region must, without any doubt, be aimed at the strengthening of the present sub-regional integration systems by trying to ensure the gradual expansion of their fields of action to the regional level through the incorporation of other countries or through agreements entered into for this purpose.

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The harmonization of the industrialization policies of the countries of the region, the signing of complementarity agreements, and the conclusion of agreements on the conversion and location of industry - all aspects which could acquire considerable importance in time with the establishment of a new international economic order - also offer extensive possibilities for joint action by the Latin American countries.

The co-ordination of strategies for marketing the products of each country and for making use of their natural resources could also be the subject of joint consideration by the countries, with a view to adopting decisions compatible with the interests of each and every one of them.

Consideration could also be given to the joint acquisition of machinery equipment and industrial inputs by several of the countries of the region, which could bring considerable benefits for all the countries involved, particularly at such difficult times as these.

Another aspect of regional co-operation in which Latin America already has some experience is the setting up of binational or multinational enterprises by countries of the region. It is well known that the smallness of the markets of the majority of the Latin American countries is in many cases an obstacle to the installation of certain industries because these require a bigger scale of production. Entering into agreements to set up industrial enterprises with capital from different countries of the region is not only a solution to this problem, but also a positive step towards regional integration.

One of the most serious problems faced by the industrialization process of the Latin American countries is the difficulty of obtaining adequate financing for investment. This problem has become still more acute in recent months owing to the changes which have taken place in the arrangements for granting credit applied by the centres of financial power.

In this connexion, it is felt that a great deal could be done through regional co-operation. The heterogeneity of the countries of the region as regards their economic and financial potential is well known. There is an imperative need for co-operation in the field of finance between, on the one hand, the countries which are relatively more developed or which enjoy financial surpluses because of increases in the prices of their /exports, and --

exports, and on the other, those countries which have only limited resources for industrial development.

For this reason the decision taken by the Government of a Latin American country which has expressed its intention to set aside a portion of its surplus funds, stemming from oil sales in order to promote the development of the region, as a contribution to the integration of Latin America, is worthy of the warmest praise.

The role of the multinational financial institutions such as DAC, CCAI (the Central American Integration Bank) and the Caribbean Investment Corporation must be strengthened and their action directed towards new fields of co-operation between countries.

In the field of science and technology, a wide range of possibilities has been opened up. Acceleration of the industrialization process in the countries of the region will require a higher degree of co-operation in science and technology, in carrying out joint research, in collaborating in the training of professional and technical personnel, and in the ever-valuable exchange of experiences between the countries of the region. In these fields the collaboration of the countries of the region which are more developed industrially can be of great importance.

Finally, another field where co-operation between the Latin American countries will be essential is that of the infrastructure. Co-ordinated action by the countries of the region to improve means of transport, communications, and services can have an important impact on the industrial development of the countries.

4. Conclusions

The approval by the General Assembly of the Declaration and the Programme of Action on the Establishment of a New International Economic Order is an important step towards the correction of the inequalities and the elimination of the growing disparities between the developed and the developing countries.

The putting into practice of the principles and recommendations which appear in the above-mentioned documents will make it possible to bring about a steady narrowing of the enormous gap between them by creating a
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climate of mutual understanding and active co-operation between the countries, thereby leading to a better, juster and more human world.

The duty of the developed countries is clear; so too is that of the developing countries. Both must take the necessary steps to mobilize their human and material potential so as to satisfy the aspirations of their peoples.

In this regard, the co-operation agencies of the United Nations have an outstanding role to play. In order to play their part, they will have to adapt themselves to the new circumstances and contribute to the successful establishment of a more rational and equitable new international economic order.

